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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 002722

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TAGS: [KWBG](#) [PREL](#) [ECON](#) [PGOV](#) [EAID](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#)

SUBJECT: PERES DESCRIBES POSITIVE CHANGE IN QURAYA'S  
ATTITUDE ON DISENGAGEMENT COORDINATION

Classified By: DCM Gene A. Cretz for Reasons 1.4 (B) and (D).

1. (C) SUMMARY: Vice Premier Peres told A/S Welch and Charge April 27 that Palestinian PM Quraya', in an April 21 meeting with Peres, showed a positive change of attitude toward disengagement coordination. Peres said he cautioned Quraya' not to push for final status talks after disengagement; doing so could give the GOI an excuse not to move forward on the roadmap, which Peres termed the only "end game" and the best document possible for the PA. Peres called Israeli criticism of President Abbas's performance "exaggerated," arguing that Abbas has made no significant mistakes in trying to manage the broken system he inherited. He said the GOI should do more to help Abbas, e.g., by releasing more than the 400 remaining prisoners that it committed to release, and "talking about" removing every remaining checkpoint and roadblock in the territories. On economic development in the territories, Peres said he urged Quraya' to try to establish QIZes, and to develop beach resorts in Gaza. He called for developing greenhouses on 25,000 dunams of Gaza land in addition to the 4,000 or so on which settlers have already built them. He said the PA now appears more open to letting an intermediary, who Peres suggested should be the Dutch, act as a transitional caretaker for greenhouses. Peres said he is urging DefMin Mofaz to do more to open passages and remove checkpoints, although he expressed understanding for the security and budget constraints facing Mofaz. Peres said he would ask Quartet envoy Wolfensohn to help find financing for a rail link between Gaza and Ashdod to help facilitate cargo traffic in and out of Gaza while the Gaza sea port is developed. On Galilee/Negev development, Peres said the GOI is seeking U.S. financial support because time is short for creating jobs and infrastructure in these regions. END SUMMARY.

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Meeting with Quraya'  
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2. (C) In comments about his April 21 meeting with PA Prime Minister Quraya', Vice Premier Shimon Peres told A/S David Welch and Charge April 27 that he had seen a clear, positive change in Quraya's, and the PA's, attitude about coordinating aspects of disengagement with the GOI. He speculated that Quraya' might have moved toward a more accommodating position because disengagement coordination provides him opportunities to improve his cooperation with President Abbas and to exert leadership over leading PA figures such as Muhammad Dahlan and Sa'eb Erekat. Quraya' might also see in disengagement coordination, Peres said, an opportunity for the PA to prove that it can deliver something. He said that he and Quraya' had agreed to continue regular consultations, supported by joint working groups that the two established.

3. (C) Peres recounted that he cautioned Quraya' about trying to jump ahead to final status issues upon completion of disengagement. He said he told Quraya' that the roadmap, not a leap to final status, represents the "end game." The roadmap is the best document that the Palestinians are bound to receive. With the roadmap, the Palestinians enjoy support from the whole world. Should the PA try to jump ahead to final status talks, the issues of Jerusalem and refugees, neither of which can be solved in the short run, would come to the fore. Peres said he therefore advised Quraya' to forget about final status issues for now, not least because PA insistence on jumping ahead to them would give the GOI an excuse not to move forward on the roadmap.

4. (C) Peres said he also stressed to Quraya' the importance of PA action against terrorism for establishing the conditions for continued progress after disengagement. A failure to act against terrorism would undermine U.S. sympathy for Palestinian needs. Peres said he told Quraya', "You have an open court in the United States. Use it. You may not have it forever."

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Assessing Abbas's Performance  
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5. (C) Peres expressed concern about a divergence between current Palestinian/Arab expectations in the peace process and Israeli "worries." Perhaps both sides, he said, are guilty of overstating their positions. Preventing the divergence from widening is essential.

16. (C) Peres called criticism of President Abbas's performance in the Israeli media "exaggerated." No other PA figure could do better, he said, adding that he did not believe that Abbas has made any important mistakes. Rather, he said he thought Abbas is struggling with a broken system not of his creation, and without a real army.

17. (C) Welch commented that Abbas, despite his possible inability so far to deliver security performance on the ground, still benefits from a period of confidence in his leadership that happens to coincide with the run-up to disengagement. He noted that he had asked DefMin Mofaz the previous week what the GOI could do to strengthen Abbas's position. Mofaz had replied that the GOI could not do more than it has already given GOI perceptions of PA inaction on security, particularly with regard to fugitives. He asked Peres whether this GOI position is sustainable.

18. (C) Peres replied that the GOI needs to be more forthcoming. First, it must take the risk of releasing Palestinian prisoners, both the remaining 400 it committed already to release, and more after them. Second, the GOI has to begin talking about how to remove every remaining roadblock and checkpoint within the West Bank and Gaza. These impediments to free movement have both an important economic and "psychological" cost, he said. Third, the United States should press Abbas to reorganize the PA security forces, not only for fighting against terrorism, but also against internal chaos within Palestinian society.

19. (C) Welch responded that the U.S. has already done much through the Ward mission to advance PA security reform. He noted that PA leaders have been telling U.S. officials that they need more lethal equipment to do their job, but Mofaz takes the position that the PA security forces lack only assertiveness, not equipment. The equipment could, however, help build security force confidence, Welch commented.

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Economic Development in PA  
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10. (C) Peres said he stressed to Quraya' that Israel has an interest in seeing Gaza overcome its poverty. He held out Jordan, with its Qualified Industrial Zones (QIZes) as an economic model of "quiet success" for the Palestinians. The PA, he said he told Quraya', should try to establish a QIZ and focus clearly on its target export markets. Israel would be undoubtedly remain a target export market for agricultural and other goods. Peres said he also advised Quraya' to exploit the resort potential of Gaza beaches. Israeli Arabs -- 300,000 of whom already vacation in Jordan each year -- and West Bank Palestinians would be likely visitors to Gaza resorts.

11. (C) Peres identified one of the key economic priorities in Gaza during the run-up to disengagement as the handover and development of greenhouses. Up to 30,000 dunams (about 7,500 acres) of Gaza land could potentially be dedicated, he said, for greenhouses, each of which can employ 45 Palestinians. (Note: Peres did not say how many greenhouses per dunam he was calculating. About 9,000 Palestinians are currently employed in Gaza settlement greenhouses.) Of the 30,000 dunams, about 4,000 to 4,500 dunams of land already have settler-built greenhouses. Most employees in these greenhouses are Palestinians. The Peres center is willing to help build greenhouses on another 10,000 dunams. An additional 15,000 dunams is also available for greenhouse development, he claimed.

12. (C) The key greenhouse problem connected to disengagement, Peres continued, is ensuring that greenhouses already in place remain intact. He suggested as a transitional measure using an intermediary caretaker, who, he proposed, could be the Netherlands. The GONL, he said, is already providing financial support to the Peres Center for an agricultural marketing program in Gaza, and the Palestinians, for the first time, appear inclined to agree to a transitional arrangement with a third party. Peres said he is discussing this proposal with the Dutch, although he noted his general frustration in dealing with Europeans, who almost never, he said, live up to their pledges of support. He recounted that he complained in his recent meeting with President Chirac that France pledged \$60 million for the Palestinians, but never delivered. Chirac said he would make sure the money is transferred. Peres acknowledged that it is not his job to represent Palestinian interests, but lamented that the PA does not do enough for itself.

13. (C) Another key immediate issue Peres identified, both for the West Bank and Gaza, is passages. He expressed regret that passages into and out of the territories are "not open enough" and that too many roadblocks within the territories still exist. He said he raises the issue regularly with

DefMin Mofaz, who, he commented, appears "to have his heart in it" but is constrained by security threats and a shortage of budget resources. One key problem to resolve at all the passages, including the prospective Gaza sea port, is the inspection regime. Given a PA desire to remain within the Israeli customs envelope, Israeli inspectors would have to serve both a security and economic function.

14. (C) Peres said he reminded Quraya' in their April 21 meeting that the GOI had agreed to open a sea port, but not an airport, at the February Sharm al-Sheikh summit. Given that the sea port will take about three years to build, Peres said he urged Quraya' to focus on rebuilding the rail link between Gaza and Ashdod, which would cost, he said, only NIS 60 million. He said he would raise the issue of financing the project with Quartet envoy Wolfensohn.

15. (C) Welch asked Peres whether the sort of progress he envisages at the passage points would be possible on the Gaza-Egypt border if the IDF remains in the Philadelphi Strip. Peres said the IDF must withdraw from Philadelphi, although it needs help from Egypt to do so. He characterized GOE performance so far in negotiations over the deployment of its border guards to the Gaza border as "one step forward, two steps back." In any case, he said, another passage point, perhaps at Rafiah or Nitzana, should be opened.

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Galilee/Negev Development  
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16. (C) Peres said the GOI would not normally ask the U.S. for financial assistance in developing the Galilee and Negev regions, but is doing so because time for these projects is now short, given the imperative of relocating settlers. U.S. assistance is needed for job creation and infrastructure. He praised Israeli settlers, "even though we may not like them," as young, devoted "pioneers" who "did their job" in the West Bank and Gaza, even though the settlement enterprise turned out to be "a waste." He called them one of four waves of pioneering spirit in Israeli history, the others being the early members of the kibbutzim and moshavim, the founders of the IDF, and the developers of Israel's high-tech industry.

17. (U) A/S Welch cleared this message.

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